

## **EXHIBIT C**

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

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COMPLETE TRANSCRIPT OF **EVIDENTIARY HEARING**  
BEFORE THE HONORABLE ROBERT E. PAYNE  
UNITED STATES DISTRICT JUDGE

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1 sell any one of their other modules. They could sell their  
2 financial modules, their HR modules, their inventory modules,  
3 their accounting modules.

4 Q Does actually being an ERP company in some way assist an  
5 infringer like Lawson in being able to beat you out in sales?

6 A I believe it does. You know, very often what we see with  
7 ERP providers is that they do a number of different things.  
8 They leverage other modules that they have in place. They may  
9 have sold them accounting and finance and inventory but  
10 somebody is not running their procurement system, so we may  
11 compete in an RFI or RFP against an ERP company, and, you know,  
12 they may just end going, you know what, you have all these  
13 other things. There's times where they give it away and just  
14 charge them services, and there's times they say, hey, you want  
15 go to a niche provider because it's going to more difficult for  
16 you to integrate with our system and you want everything in one  
17 place. It gives them a competitive market advantage to do that  
18 sometimes.

19 Q Given the fact that you've actually had proven instances  
20 where you've integrated with Lawson's system, could you replace  
21 the procurement system for Lawson's customers that use the RSS  
22 and Punchout applications?

23 A Sure.

24 Q Have you made a determination yet whether or not you'd  
25 rather it be more advantageous to ePlus to exclude Lawson from

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1       that market for those configurations found to infringe rather  
2       than license them?

3       A     Well, that's kind of an open-ended question.

4       Q     Have you come to that conclusion yet?

5       A     No, we haven't come to a conclusion. I think our remedy  
6       has been to -- at this juncture is to exclude them.

7       Q     And if you were able to obtain an injunction, what  
8       benefit, if anything, would that give to ePlus's business?

9       A     Well, I mean, if we were to receive the remedy of  
10      injunction, that gives us the ability then to be able to  
11      potentially offer our solutions to the 800-some-odd clients of  
12      Lawson that are using, you know, what I view as our infringing  
13      solution.

14      Q     Has ePlus been required to divert capital and the time of  
15      its executives to focus on enforcement of its patents against  
16      Lawson?

17      A     Yes, a significant amount.

18      Q     And the several million dollars in fees and costs and  
19      expenses?

20      A     That is an underestimation, but, yes.

21      Q     And what, if anything, could ePlus have done with that  
22      kind of resources if it did not have to enforce its patents  
23      against this infringer?

24      A     Well, this has been probably one of the most interesting  
25      of the licensing type of disputes that we've had because it's

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1       gone on for so long, so much conflict in it. So, you know, the  
2       expenses are significant here, both in time and physical  
3       dollars expended, and certainly the management time as well as  
4       the dollar time could have been invested back into more  
5       development, more oversight into the business unit, more hiring  
6       of personnel, marketing, sales, more focus, you know, on the  
7       market and selling to the market and reinvesting that money,  
8       you know, back into the organization. .

9                   THE COURT: Are you saying that there are 800 Lawson  
10       customers who are using Lawson's S3 systems in an infringing  
11       way which, if Lawson were enjoined from servicing those  
12       customers, ePlus could service, could substitute its products  
13       for those infringing products?

14                  THE WITNESS: Yeah. It's either going to be ePlus or  
15       somebody else that has a license to our, you know, to our  
16       patents, but, yes.

17                  THE COURT: The question is, could ePlus do it?

18                  THE WITNESS: Yes, I believe that ePlus can do it.

19                  THE COURT: And if you didn't have the injunction, do  
20       you believe you would have any chance to go in and get that  
21       business from those 800 customers?

22                  THE WITNESS: Well, based on my historical experience  
23       of trying to do that, I'd say, no. I stand no chance -- very  
24       little to no chance, Your Honor.

25       Q       The capital you've had to expend in enforcing the patents

1 Q Was that the proposal you were making to Novant Health as  
2 well?

3 A Sure.

4 Q How quickly is ePlus able to implement an operational  
5 electronic procurement system?

6 A You know, it varies. You know, the important thing is  
7 understanding the requirements of a customer. We've done it as  
8 quickly as 30 days. You know, generally speaking it could be  
9 90 days to six months. On some rare occasions it could be  
10 longer.

11 Q What is the cost to implement an ePlus system typically?

12 A Cost from the customer's perspective?

13 Q Yes.

14 A I'm sorry.

15 Q Yes.

16 A Again, it varies, but the average cost, I think, is  
17 probably around 150,000.

18 Q Would ePlus be willing to consider discounting, providing  
19 discounts to Lawson customers if they were required to  
20 implement an alternative ePlus system?

21 A I'm sure that, you know, we'd have to consider something  
22 for the customer to make it financially attractive to them.

23 MR. ROBERTSON: Thank you. That's all I have.

24 THE COURT: Cross-examination.

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